



POST ACTION AGENDA NOTICE

Revised: 2/5/16

NOTICE OF THE EXECUTIVE AND SPECIAL SESSIONS OF THE FOUNTAIN HILLS TOWN COUNCIL

Mayor Linda M. Kavanagh

Councilmember Dennis Brown
Councilmember Nick DePorter
Councilmember Cassie Hansen

Vice Mayor Henry Leger
Councilmember Alan Magazine
Councilmember Cecil A. Yates

TIME: 5:30 P.M. – SPECIAL SESSION

**EXECUTIVE SESSION CONVENES AFTER THE SPECIAL SESSION
ADJOURNS -** *(Executive Session held in the 2nd floor Fountain Conference Room)*

WHEN: TUESDAY, FEBRUARY 9, 2016

**WHERE: FOUNTAIN HILLS COUNCIL CHAMBERS
16705 E. AVENUE OF THE FOUNTAINS, FOUNTAIN HILLS, AZ**

Councilmembers of the Town of Fountain Hills will attend either in person or by telephone conference call; a quorum of the Town's various Commission, Committee or Board members may be in attendance at the Council meeting.

Notice is hereby given that pursuant to A.R.S. § 1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the Town Council are audio and/or video recorded and, as a result, proceedings in which children are present may be subject to such recording. Parents, in order to exercise their rights may either file written consent with the Town Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the Town will assume that the rights afforded parents pursuant to A.R.S. § 1-602.A.9 have been waived.

SPECIAL SESSION AGENDA

- **CALL TO ORDER AND ROLL CALL** – Mayor Linda M. Kavanagh **5:32 PM**
- 1. **DISCUSSION WITH POSSIBLE DIRECTION TO STAFF** regarding actions to address billing questions/issues/problems relating to the ENVIRONMENTAL FEE.
APPROVED TOWN MANAGER AUTHORIZATION TO RESOLVE QUESTIONS/ISSUES/ PROBLEMS
- 2. **ADJOURNMENT. 6:40 PM**

EXECUTIVE SESSION AGENDA

- **CALL TO ORDER** – Mayor Linda M. Kavanagh **6:50 PM**
- 1. **ROLL CALL AND VOTE TO GO INTO EXECUTIVE SESSION:** Pursuant to: (1) A.R.S. § 38-431.03(A)(3), discussion or consultation for legal advice with the attorney or attorneys of the public body, and (2) A.R.S. § 38-431.03(A)(4), discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation (*specifically, the Park Place Development Agreement*).



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SPECIAL SESSION AGENDA

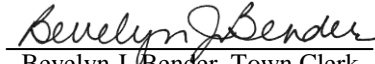
- **CALL TO ORDER AND ROLL CALL** – Mayor Linda M. Kavanagh
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- 2. **ADJOURNMENT.**

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- **CALL TO ORDER** – Mayor Linda M. Kavanagh
- 1. **ROLL CALL AND VOTE TO GO INTO EXECUTIVE SESSION:** Pursuant to: (1) A.R.S. § 38-431.03(A)(3), discussion or consultation for legal advice with the attorney or attorneys of the public body, and (2) A.R.S. § 38-431.03(A)(4), discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation (*specifically, the Park Place Development Agreement*).

2. **ADJOURNMENT.**

DATED this 4th day of February, 2016.


Bevelyn J. Bender, Town Clerk

The Town of Fountain Hills endeavors to make all public meetings accessible to persons with disabilities. Please call 480-816-5100 (voice) or 1-800-367-8939 (TDD) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting or to obtain agenda information in large print format. *Supporting documentation and staff reports furnished the Council with this agenda are available for review in the Clerk's office.*



TOWN OF FOUNTAIN HILLS

TOWN COUNCIL AGENDA ACTION FORM

Meeting Date: 2/9/2016

Meeting Type: Special Session

Agenda Type: Regular

Submitting Department: Administration

Staff Contact Information: Craig Rudolphy, Finance Director, 480-816-5162, crudolphy@fh.az.gov

Strategic Planning Goal: Not Applicable (NA)

Operational Priority: Environmental Fee

REQUEST TO COUNCIL (Agenda Language): DISCUSSION with possible direction to staff regarding actions to address billing questions/issues/problems relating to the environmental fee.

Applicant:

Applicant Contact Information:

Property Location:

Related Ordinance, Policy or Guiding Principle:

Staff Summary (background): Following the Town Council's adoption of a \$36 annual environmental fee at the November 20, 2014, Council meeting, staff was directed to implement the fee. After reviewing the various options for billing, staff concluded that contracting with an outside firm with expertise in utility billing would be the best solution. A Request for Proposal (RFP) was issued and awarded to American Metering Services, Inc. (DBA AMS Billing Services) of Sarasota, FL. An introductory letter was prepared and mailed in early December to all parcel owners. This letter was to provide background material to the parcel owners/residents and explain the new fee as well as to introduce the billing company. In addition, the initial mailing was to verify/validate addresses obtained from the Maricopa County Assessor's Office to be used in the actual billing. The first invoice was prepared and mailed on January 7, 2016, after obtaining a new address database from the Maricopa County Assessor's Office. As a result of mailing this invoice, many unique and unexpected anomalies arose. The purpose of this Special Session is to obtain direction from Council on how to proceed in resolving these unique circumstances that were not anticipated. The attached document presents comments the Town has received from residents/parcel owners. In addition, the problem/issues portion of the document lists the various anomalies encountered thus far in the process. Failure to address these anomalies in the current billing cycle will result in the same issues arising in any future billing cycles.

Risk Analysis (options or alternatives with implications): Failure to address these anomalies will result in further resident confusion and frustration and will likely impact the collection of environmental fees.

Fiscal Impact (initial and ongoing costs; budget status): The initial billing was anticipated to generate \$540,000 in revenue. Any shortfall in revenue collection will require transfers from the General Fund in the current fiscal year.

Budget Reference (page number): Pages 96, 270-272

Funding Source: Multiple Funds

If Multiple Funds utilized, list here: General Fund, Environmental Fund

Budgeted; if No, attach Budget Adjustment Form: Yes

Recommendation(s) by Board(s) or Commission(s):

Staff Recommendation(s):

List Attachment(s): Environmental Fee Questions/Issues/Problems document

SUGGESTED MOTION (for Council use): Move to approve direction provided to staff regarding environmental fee questions/issues/problems and approving the Town Manager as the person having ultimate authority in resolving any questions/issues/problems.


Prepared by:

NA 8/25/2015

Director's Approval:


Craig Rudolph, Finance Director 2/1/2016

Approved:


Grady E Miller, Town Manager 2/1/2016

Environmental Fee Questions/Issues/Problems

General Questions/Comments – no action required

- The phone volume has been very high, probably in excess of 200 calls (no exact record kept). The Town has had some walk-ins every day. The Town has taken in 32 payments as of 1/21.
- Incorrect addresses exist for condominium units as well as other properties.
- Small condominium versus luxury home – why are they charged the same fee?
- Some callers are objecting to the fee because they are already paying property taxes
- Some callers are asking to speak with Mayor and Council members.
- Some callers are inquiring if fee is legitimate because payment is being made to a Florida company.
- Some callers ask why was a Fountain Hills or Arizona company not selected to prepare the billing.
- Some callers still think that AMS is going to scam the Town by collecting the money but the Town will never see it.
- Some people are objecting to paying a convenience fee.
- Some owners want to pay monthly instead of annually.
- Some callers are asking to speak with someone who can waive the fee and/or want to know how to have the fee eliminated.
- Some people are objecting because they did not receive a return envelope.
- How did I pay for this fee last year?
- Why is the Town not preparing the bills with the Town's staff?
- Is this money coming back to the Town or is it going to State and divided up between other communities?
- Is this a monthly fee?
- If the owner doesn't pay the bill, will a lien be placed on the property?
- What will happen if owner doesn't pay the bill?
- Is the payment tax deductible?
- Owner received multiple bills for a single address due to multiple parcel numbers being assigned, and refuses to pay for more than one.
- Owner has a vacant lot and is already paying Sanitary District charges. Why is there a separate environmental fee?
- Owner is a senior citizen on fixed income. How is the owner expected to be able to pay?
- We are a non-profit organization and do not pay taxes.
- We are a church. Why do we have to pay?

Environmental Fee Questions/Issues/Problems - continued

Problems/Issues Needing Direction from Council

- Apartments/condominiums – some are recorded as individual parcels while others are recorded as multiple parcels. How can we explain the difference to the satisfaction of the occupant?
- Condominiums/apartments with detached garages – the detached garage is considered a separate parcel in some cases and not a separate parcel in other cases. In the case of a separate parcel, a separate property tax bill is received and paid. People are objecting to pay the fee even though they know they have two separate parcels recorded with the Assessor's Office and receive two separate property tax bills. Sometimes the second tax bill is very small, in one case less than \$5 per year. How are these discrepancies to be treated?
- Condominiums with common areas: Some common areas are platted as a separate parcel while other common areas are allocated to the individual condominium units. Separate parcels receive a separate property tax bill but not all common areas receive a property tax bill. How are common areas to be treated?
- Duplex homes with common areas are sometimes receiving three property tax bills while similar homes are only receiving two property tax bills. This situation is due to the inconsistent approach implemented by the Assessor's Office. Assessor's Office personnel have told us that they recently (within the last few years) decided to assign separate parcels but they have not been consistent in that approach. How do we handle?
- Some lots were platted as two parcels but the homeowner insists they are only one lot; some homeowners receive two property tax bills while other homeowners only receive one bill. Some of the Assessor's Office records support the homeowner while others do not. What do we tell the homeowner?
- A lot has a small sliver of property as a separate parcel and receives a separate property tax bill. The owner does not want to pay the fee nor do they want to pay the costs to replatt and inform the Assessor's Office. How do we handle?
- In a separate subdivision, the developer has platted the land such that there are separate parcels for common areas. In this instance, one of the separate parcels happens to coincide with a street. The street, since it is a separate parcel, has received an environmental fee invoice. Is that correct? If incorrect, is staff required to review all plats looking for streets that are separate parcels?
- Some parcels were billed where the Assessor's Office now shows these parcels as 'cancelled'. We suggest all 'cancelled' parcels have the fee waived. Is this correct?
- Incorrect addresses exist, particularly for condo units. People refuse to pay until their address is corrected. We do not have the authority to correct the address of the owner so we are at a loss as how to address this issue. How do we handle?

Environmental Fee Questions/Issues/Problems - continued

- Several letters were returned by the Post Office as undeliverable. The Post Office has marked them as “in dispute” or “refused”. How does staff pursue these letters?
- Property Managers call who say they have consolidated parcels yet the Assessor’s Office shows separate parcels. How do we handle?
- Realtors call wanting to know how to allocate the fee when the property is sold. We have said that the owner of the property on the date of the billing (January 7, 2016) is responsible for the fee. Is this correct?
- Due primarily to sales, some parcels have had a change of ownership since the Assessor’s Office file was downloaded in late December but have not been updated on Assessor’s Office records. If we can find a deed now that shows a recording date prior to January 7, we suggest that the fee be waived for the old owner but that a new bill be sent to the new owner. This effort will require additional staff time to research each individual case, and will be time consuming. How should we address this issue?
- If an invoice is not paid, it will remain unpaid on the account as an unpaid amount. If the current owner sells the parcel after the billing in January 2016 but without paying for the invoice, then the balance will remain on the account for the 2017 billing, but now different people own the parcel. The accounts are set up by person so how do we change the name on the account? Also, how do we find all such occurrences?
- Non-profit entities are exempt from a property tax but they still occupy parcels of land. The non-profits may receive a property tax bill but it shows -0- due. Are all non-profit entities exempt from our environmental fee? If yes, how do we find all of the non-profit entities? And if -0- tax bills are evidence of exemption from property tax, then are all -0- property tax bill entities also exempt from the environmental fee?
- There is a commercial office building with 10 suites (condominiums) but a common area with a bathroom. The bathroom is its own parcel. Is the bathroom parcel valid and should it receive a fee invoice? How can we find other, similar instances unless the owners inform us?
- Eagle Mountain golf course lots – some lots abutting the golf course are 2 parcels. The homeowner can show the replatt was done but Assessor’s Office shows incorrect information. Which record do we accept as official? What do we do if we can determine the Assessor’s Office record is incorrect? Once again, this is very time consuming for limited staff resources.
- Sunridge Canyon Golf Course – they have 40+ parcels per the Assessor’s Office but should only have 3 or 4 parcels per the golf course. The golf course says they have been working with the Assessor’s Office to consolidate parcels but this fact cannot be confirmed. The golf course objects to the multiple fee invoices and said they will only pay for 3 or 4 parcels. How should we treat these parcels?

Environmental Fee Questions/Issues/Problems - continued

- Crestview at Fountain Hills Community Association has received a “common area combines” letter from the Assessor’s Office. The HOA originally, and still does, have nine (9) separate parcels. However, the Assessor’s Office has combined them into one parcel for tax purposes. Only one parcel is receiving a tax bill. The HOA objects to having to pay for nine parcels. How do we respond to the HOA?
- A part time resident’s bill was mailed to their other home out of state (they are waiting to pay it when they go home). Do we send a second invoice and incur the additional cost of mailing? But how many such instances will there be and how can we find them?
- Solar City received a fee invoice for six parcels, per the Assessor’s Office. We do not know how or why the parcels were created. These parcels do not conform to the normal parcel numbering at the Assessor’s Office (the Town has parcels starting with 176 or 217). We have determined that these parcels were billed in error by AMS Billing, but do not know how the information was obtained by AMS.
- Inaccurate/inconsistent Assessor’s Office records: We are finding many, many errors with the Assessor’s Office records. Upon inquiry with personnel at the Assessor’s Office, we are told by Assessor’s Office personnel that they acknowledge errors and also say they have not been consistent in their approach to assigning parcels.
- Addresses on the Assessor’s Office site are not updated regularly or timely by the Assessor, particularly for their downloadable information. At one time, we were told that the Assessor only updates the database twice a year, probably before the property tax notices are sent by the Treasurer. However, others have told us that information is not accurate. We have found discrepancies and do not know how to proceed.
- Assessor’s Office records do not always match the Treasurer’s Office records. The owner’s mailing address per the Assessor is different than the mailing address used by the Treasurer for the property tax bill. However, the Treasurer tells us that the Treasurer uses the Assessor’s records. We do not understand how there can be a difference.
- Finance staff is limited in its manpower resources (only 3 full time employees). Staff has extensively used a single volunteer (former employee) to assist with the more time consuming or difficult issues. The Customer Service Representatives have their normal volume of animal licensing and business licensing to complete. How should staff time be allocated?
- For the next billing, in January 2017, these same issues and problems will occur due to the changes in ownership and addresses (estimate may be up to 1,000 sales in a year). How can we recover from this year so that next year will operate smoothly? Due to the problems identified with the Assessor’s Office records, we would anticipate the same problems next year. What can be done?